

Message Text

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ACTION NEA-09

INFO OCT-01 EUR-12 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-01

INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01

OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-03 /092 W

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R 061240Z MAR 75

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 0479

INFO AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMCONSUL DHAHRAN

AMEMBASSY DOHA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY TEHRAN

C O N F I D E N T I A L JIDDA 1607

E.O.: 11652: GDS

TAGS: ENRG, SA, US

SUBJ: GAS GATHERING PLANT GIVEN TO ARAMCO

SUMMARY: ARAMCO HAS BEEN GIVEN THE GAS GATHERING PROJECT BY THE SAUDI GOVERNMENT. IT WILL COST AROUND \$4 BILLION, WILL REQUIRE 20,000 WORKERS TO CONSTRUCT AND 2,200 WORKERS TO OPERATE. IT SHOULD BE FINISHED BY JANUARY 1, 1979. IT WILL PROVIDE 4 BILLION CUBIC FEET OF GAS A DAY, MOST WILL COME FROM THE OIL FIELDS BUT NON-ASSOCIATED GAS WILL BE CONNECTED TO THE SYSTEM. END SUMMARY.

1. ACCORDING TO ARAMCO OFFICIALS, A LONG BUREAUCRATIC BATTLE INSIDE THE SAUDI GOVERNMENT WAS SETTLED THE END OF FEBRUARY WHEN THE DECISION WAS TAKEN TO CHARGE ARAMCO WITH CONSTRUCTING THE GAS GATHERING LINES FOR THE INDUSTRIALIZATION PROGRAMS IN BOTH EASTERN AND WESTERN PROVINCES IN THE KINGDOM. THE GOVERN-
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MENT DECIDED AGAINST PETROMIN (THE NATIONAL OIL COMPANY), BEING

DISSATISFIED WITH ITS OPERATION OF THE COUNTRY'S TWO REFINERIES, THE STEEL PLANT AND FERTILIZER PLANT. THE GOVERNMENT THEN CONCLUDED PETROMIN DID NOT HAVE THE ORGANIZATION TO TAKE OVER THE NEW TASK. PETROMIN WILL BE GIVEN MONEY (\$2 MILLION AT LEAST) TO REIMBURSE TAXAS EASTERN GAS TRANSMISSION, WHICH DID STUDIES FOR IT.

2. THE NEW ORGANIZATION TO CARRY OUT THE TASK WILL BE INTEGRATED INTO ARAMCO BUT WILL OPERATE SEPARATELY.

3. THE ORIGINAL FIGURES PREPARED FOR PETROMIN CALLED FOR AN EXPENDITURE OF \$4.2 BILLION FOR THE PROJECT BUT DID NOT INCLUDE HOUSING OR SUPPORT FACILITIES. THE INFLATION FIGURE USED BY PETROMIN WAS ALSO TOO LOW. ARAMCO BELIEVES IT WILL BE ABLE TO CONTROL THE WORK CONSIDERABLY MORE EFFICIENTLY THAN COULD A NEW COMPANY. NONETHELESS, WITH HOUSING AND SUPPORT FACILITIES, AND A "REALISTIC" INFLATION FIGURE, THE COST WOULD BE AROUND \$4 BILLION.

4. ABOUT 20,000 CONSTRUCTION WORKERS WILL BE NEEDED, AND ABOUT 2,200 WORKERS WILL BE NEEDED FOR THE FULL OPERATION OF THE FACILITY WHICH SHOULD BE COMPLETED BY JANUARY 1, 1979.

5. ARAMCO WILL BE CHARGED WITH PROVIDING SWEET METHANE FOR USE AS A BOILER FUEL OR PETROCHEMICAL FEED STOCK, SWEET ETHANE FOR FEED STOCK, AND PROPANE, BUTANE AND HIGHER LIQUIDS FOR EXPORT. IT WILL ALSO PRODUCE AROUND 3,000 TONS OF SULPHUR DAILY (ARAMCO DOES NOT KNOW WHAT COULD BE DONE WITH THIS).

6. ABOUT ONE BILLION CUBIC FEET PER DAY OF METHANE WILL BE USED FOR POWER GENERATION; ABOUT THREE MILLION CUBIC FEET WILL REMAIN FOR OTHER PROJECTS.

7. BECAUSE ASSOCIATED GAS MAY VARY FROM DAY TO DAY OR YEAR TO YEAR. ARAMCO WILL ALSO TIE NON-ASSOCIATED GAS INTO THE PROJECT TO INSURE A CONSTANT FOUR BILLION CUBIC FEET DAILY. ARAMCO HAS NO IDEA OF WHAT ARE SAUDI ARABIA'S RESERVES OF NON-ASSOCIATED GAS, BUT THEY ARE "ENORMOUS." UNTIL NOW WHENEVER ARAMCO HAS DISCOVERED A GAS FIELD IT HAS BEEN CLOSED IN QUICKLY.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CONSTRUCTION, NATURAL GAS, CONTRACTS, INDUSTRIAL PLANTS
Control Number: n/a
Copy: SINGLE
Draft Date: 06 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: RowellE0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975JIDDA01607
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750079-0712
From: JIDDA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750377/aaaacrha.tel
Line Count: 107
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: RowellE0
Review Comment: n/a
Review Content Flags:
Review Date: 01 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01 JUL 2003 by BoyleJA>; APPROVED <03 NOV 2003 by RowellE0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GAS GATHERING PLANT GIVEN TO ARAMCO SUMMARY: ARAMCO HAS BEEN GIVEN THE GAS GATHERING PROJECT BY
TAGS: ENRG, SA, US, ARAMCO
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006